

# HOUSE BILL No. 1244

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 36-1-8-5.1.

**Synopsis:** Rainy day fund. Provides that a local rainy day fund may be established only by ordinance or resolution. Requires the ordinance or resolution to specify the funding sources of the rainy day fund. Specifies the funding sources permitted for a local rainy day fund.

**Effective:** July 1, 2003.

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**Ayres, Stevenson**

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January 13, 2003, read first time and referred to Committee on Local Government.

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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

## HOUSE BILL No. 1244

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 36-1-8-5.1, AS AMENDED BY P.L.90-2002,  
2       SECTION 461, IS AMENDED TO READ AS FOLLOWS  
3       [EFFECTIVE JULY 1, 2003]: Sec. 5.1. (a) A political subdivision may  
4       establish a rainy day fund ~~to receive transfers of unused and~~  
5       ~~unencumbered funds under section 5 of this chapter. by the adoption~~  
6       of:

7               **(1) an ordinance, in the case of a county, city, or town; or**

8               **(2) a resolution, in the case of any other political subdivision.**

9       (b) The rainy day fund is subject to the same appropriation process  
10      as other funds that receive tax money. Before making an appropriation  
11      from the rainy day fund, the fiscal body shall make a finding that the  
12      proposed use of the rainy day fund is consistent with the intent of the  
13      fund.

14      (c) ~~In any fiscal year, a political subdivision may transfer not more~~  
15      ~~than ten percent (10%) of the political subdivision's total budget for~~  
16      ~~that fiscal year to the rainy day fund. An ordinance or a resolution~~  
17      **adopted under subsection (a) must specify the following:**



(1) The purposes of the rainy day fund.

(2) The sources of funding for the rainy day fund.

(d) A political subdivision may not fund a rainy day fund from a source other than a funding source specified in the ordinance or resolution establishing the political subdivision's rainy day fund unless the political subdivision adopts an ordinance or a resolution authorizing the use of the funding source to fund the rainy day fund.

(e) A political subdivision may use the following funding sources to fund a rainy day fund:

(1) An unexpended budgeted general fund appropriation, identified as a transfer to the rainy day fund. However, a political subdivision may not transfer more than ten percent (10%) of the political subdivision's total general fund budget for a particular fiscal year to the political subdivision's rainy day fund.

(2) A transfer of unused or unencumbered funds made under section 5 of this chapter.

(3) A contribution or gift that is given:

(A) expressly for the purposes of the rainy day fund; or

(B) for purposes unexpressed by the donor if the fiscal body of the political subdivision specifies by ordinance or resolution that the contribution or gift is to be deposited in the rainy day fund.

(4) Earnings from investments made under IC 5-13.

(f) The department of local government finance may not reduce the actual or maximum permissible levy of a political subdivision as a result of a balance in the rainy day fund of the political subdivision. However, the department may consider any balance in the rainy day fund of a political subdivision in the consideration of an appeal under IC 6-1.1-18.5-12 or IC 6-1.1-19.

SECTION 2. [EFFECTIVE JULY 1, 2003] (a) Notwithstanding IC 36-1-8-5.1(a), as amended by this act, a political subdivision that establishes a rainy day fund before July 1, 2003, is not required to adopt an ordinance or a resolution concerning the establishment of the rainy day fund. However, the political subdivision is required to adopt an ordinance or a resolution specifying the funding sources for the political subdivision's rainy day fund before September 1, 2003.

(b) This SECTION expires July 1, 2004.

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